

Lynn R. Scully
Internal Auditor

Tel (203) 452-5064
Fax (203) 452-5054
lscully@trumbull-ct.org

MEMO TO: Kathleen McGannon, Chairperson
Board of Finance

CC: Mark Altieri, Chairman
Town Council

DATE: May 9, 2007

RE: Trumbull Day Analysis (revised)

On April 19, 2007 the Board of Finance had requested that I review the Town's financial information associated with the Trumbull Day Commission in conjunction with their denial of a supplemental request by the Commission for \$21,677. Based upon my review of the minutes of that meeting (I was not in attendance), the specific concern discussed was whether financial transactions have been recorded properly.

Findings as presented are the result of review of audited financial statements, MUNIS system reports, subsidiary financial statements and bank statements. The Town's Finance Department and Bill Zeidenberg (former Trumbull Day Commissioner/Treasurer) provided a significant amount of information and were of great assistance in this review.

Background Information

The Barnum Festival Trumbull Day Committee was formed in 1978. Excerpted from its Constitution, the purpose of this organization is as follows:

"The purpose of the organization shall be, in conjunction with the Barnum Festival, Inc., and the Town of Trumbull, to hold an annual family fun-filled civic celebration to be known as Barnum Festival-Trumbull Day and to provide Trumbull participation in the annual Barnum Festival street parade."

On August 1, 1988, the Town Council voted to establish a nine-person Trumbull Day Commission appointed by the First Selectman. Resolution TC12-5 is as follows:

BE IT RESOLVED AND ORDAINED, That there shall be a commission known as the Trumbull Day Commission consisting of 9 members, appointed by the First Selectman with the approval of the Council.

Members shall serve for terms of 5 years. One term will expire September 1, 1989, two terms will expire September 1, 1991, two terms will expire September 1, 1992, two

terms will expire September 1, 1993. Upon expiration of initial term, appointments will be 5 years each.

Said Commission shall be charged with the management, planning, promotion, finances, organization, supervision, and direction of "Trumbull Day" and shall be subject to the rules, regulations and restrictions set forth in the Charter of the Town of Trumbull. This Commission may establish committees and sub-committees with members other than Commission members.

The Commission shall endeavor to coordinate its activities and events with those of the Barnum Festival, and shall affiliate with the Barnum Festival wherein possible.

The Commission shall also endeavor to be financially self-sustaining, with the exception of expenses of a clerk for all meetings.

Accounting

Trumbull Day's financial information has been kept in two formats – it is accounted for as a Special Revenue Fund in the Town's MUNIS application (with the exception of clerical fees, it is not part of the Town's annual budget) and subsidiary ledgers have been maintained by various Commission members. The actual funds have also been maintained in multiple places – the Town's General Fund (using the 'Due To/Due From' method of interfund activity) and in separate checking accounts maintained (in part) by the Commission. (For a time, the Commission also had funds invested in a CT State Treasurer's Short-Term Investment Fund (STIF), but this was liquidated in 2003) The problem with this arrangement is the necessity for constant reconciliation, as transactions involving one bank account/set of books need to be journalized into the other. *Without this reconciliation, neither the Town nor the Trumbull Day Commissioners would have a complete picture of the financial status of Trumbull Day funds.*

To complicate matters further, Trumbull Day traditionally occurs in the very last week or so of the Town's fiscal year. Bills are often still being paid in September and October (sometimes later) for a June event. While there is every attempt to anticipate and record all payables in the proper fiscal year, this has proven to be challenging in the context of the range of activities involved in closing the books annually.

It should be noted that the two outside Trumbull Day checking accounts have recently been closed at the direction of the Town's Director of Finance. This will ensure that all future Trumbull Day transactions will be initiated/recorded through the Town's MUNIS system.

The following analysis of the information provided in the Town's audited financial statements for fiscal years ended June 30, 2003-2006 illustrates the effect of adjustments that were derived from recent reconciliation procedures.

Trumbull Day Audited Financial Statement Data				
	2003	2004	2005	2006
Fund Balance, beg	\$ 69,033	\$ 45,488	\$ 71,135	\$ 51,337
Revenue over (under) expenditures*	(23,545)	25,647	(19,798)	(976)
Fund Balance, end	\$ 45,488	\$ 71,135	\$ 51,337	\$ 50,361
L Scully adj 2003	2,609	2,609	2,609	2,609
L Scully adj 2004		(44,460)	(44,460)	(44,460)
L Scully adj 2005			39,063	39,063
L Scully adj 2006				(25,167)
Adjusted Fund Balance, 6/30/XX	\$ 48,097	\$ 29,284	\$ 48,549	\$ 22,406
*Actual Revenue over (under) expenditures	(20,936)	(18,813)	19,265	(26,143)
Adjustments	2,609	(44,460)	39,063	(25,167)

	\$ 22,406
2007 Disbursements	\$ (23,165)
2007 Deposit	\$ 250
	\$ (510)

It should be noted that as of 5/4/07 there have been subsequent disbursements in the amount of \$ 23,165 in one of the Trumbull Day checking accounts and a deposit of \$250 in the Town's account, which would reduce the current available funds to a deficit balance of (\$ 510). As stated previously, these checking accounts have been closed.

For the purposes of this analysis, I obtained the following profit & loss information from William Zeidenberg. Mr. Zeidenberg prepared this information in his capacity as a former Trumbull Day Commissioner/Treasurer for the fiscal years ended 2003-2006. As this information was prepared on an accrual basis, I have included adjustments for actual revenue and expenditure data (NOTE: due to the time constraints of this analysis, I have not reconciled these numbers by line item. Adjustments recommended are based upon total expenditures and total revenues per event). Also included is a column for the 2007 Trumbull Day budget, which was provided by Rose Derrig, Trumbull Day Commission's Co-Chair. *Along with reconciling adjustments for prior fiscal years, an estimate for Police Special Detail of \$ 30,119.64 was received after this budget was prepared and I have included an adjustment for this amount.*

Trumbull Day Analysis Profit & Loss					
	2003 June 27 & 28	2004 June 25 & 26	2005 June 24 & 25	2006 June 23 & 24	2007 (BUDGET) June 23
Income					
Battle of the Bands	-	-	-	3,437.00	4,000.00
Rent Income	20,390.00	18,990.00	20,980.00	18,475.00	13,900.00
Sales					
Admissions	64,926.00	55,674.00	62,998.00	19,212.00	61,565.00
Beverages	7,957.63	6,158.00	14,598.05	4,262.30	9,000.00
Midway	11,000.00	11,000.00	11,150.00	10,700.00	10,000.00
Total Sales	83,883.63	72,832.00	88,746.05	34,174.30	80,565.00
Sponsorship	4,153.00	5,600.00	27,700.00	300.00	15,000.00
Total Income	108,426.63	97,422.00	137,426.05	56,386.30	113,465.00
Gross Profit					
Expense					
Admissions Gates	16,231.50	13,914.50	15,772.75	4,800.00	9,234.45
Advertising & Printing	3,856.06	4,422.55	2,385.00	2,125.00	1,500.00
Bank Fees	(28.00)	-	-	-	-
Battle of Bands- Winners	-	-	-	1,750.00	3,000.00
Beverage Costs	3,848.98	2,743.84	5,475.80	3,893.10	4,500.00
Electrical/Lighting	4,927.65	5,000.00	4,700.00	5,000.00	3,500.00
Entertainment	31,840.96	25,050.00	22,850.00	18,550.00	74,015.00
Equipment Rental	10,421.90	11,241.18	10,544.21	11,128.68	754.00
Fireworks	30,000.00	25,000.00	25,000.00	7,500.00	25,000.00
Food-Services	247.00	-	-	-	303.00
Ice	1,170.00	1,170.00	1,500.00	1,200.00	650.00
Miscellaneous	424.07	669.60	5,132.84	405.39	300.00
Office Supplies	75.90	68.83	-	-	-
Rain Insurance	-	-	-	-	2,000.00
Security	27,557.93	24,348.50	28,606.81	17,683.58	16,000.00
T-Shirts	-	-	-	-	240.00
Utilities	-	-	-	56.60	56.65
Walkie Talkies	-	-	-	-	296.76
Web Service	25.00	25.00	-	-	-
Total Expense	130,598.95	113,654.00	121,967.41	74,092.35	141,349.86
Net Ordinary Income	(22,172.32)	(16,232.00)	15,458.64	(17,706.05)	(27,884.86)
Other Income/Expense					
Other Income					
Interest Income	824.95	100.17	-	-	-
Total Other Income	824.95	100.17	-	-	-
"Other Items"					
Previous Bal					25,000.00
Credit Fireworks 2006					10,000.00
L Scully Adjustments					
Revenue adj	(72.00)	(2,284.65)	144.00	(1,111.90)	
Exp adj	483.06	(396.20)	3,661.86	(7,324.91)	
Underestimate of Police Special Detail 2007 (Expense Adj)					(14,120.00)
Net Income	(20,936.31)	(18,812.68)	19,264.50	(26,142.86)	(7,004.86)

While it was not my charge to evaluate the 2007 budget presented by the Trumbull Day Commission, I feel that it is important to point out the following:

- While the amount projected for Admission (gate revenue) is comparable to the amount received in 2005, the Commission has elected to cut back the event to one day in 2007, which differs from the 2 days of activity in the prior years reviewed.
- The amount projected for entertainment in 2007 is approximately 4 times the amount spent in the prior fiscal year.
- The estimate received from the Town's Police Department of \$ 30,120 is for the June 23, 2007 Trumbull Day event only. It is my understanding that there will be three Battle of the Bands contests held at Trumbull High School prior to Trumbull Day. Should there be a need for Police coverage for these earlier events, the associated costs would increase.
- Publicity for Trumbull Day 2007 has been reduced to \$1,500 in a year where significant gate receipts are needed to cover the greatly increased costs of entertainment.
- The Town reimburses Trumbull Public Schools for cleanup associated with Trumbull Day (approximately \$9,000 annually). Town employees (Fire Marshal, Park Ranger, etc.) that may work the event are also paid through the Town's General Fund. These amounts are not billed to Trumbull Day's special revenue fund.

In closing, it appears that despite the best efforts of the Trumbull Day Commission members, the fund balance in this special revenue fund continues to be depleted by annual expenditures that (in most years) exceed revenues. If the Commission wishes to remain a "financially self-sustaining" organization, I believe that serious consideration should be given to obtaining expert strategic advice.